ADDENDUM TO FINAL STATEMENT OF REASONS

a)	Specific Purpo	se of the	Regulations	and Fa	actual	Basis	for	Determination	that	Reg	ulations
	Are Necessary		_								

<u>Section 16-003</u>

Final Modification:

This section is amended to correct a grammatical error.

Section 16-005(d)(2)

Final Modification:

This section is amended to correct a grammatical error.

Section 16-005(f)(5)

Final Modification:

This section is amended to correct a grammatical error.

Section 16-005(h)(1)

Final Modification:

This section is amended to for consistency in terminology.

Section 16-005(i)(1)

Final Modification:

This section is amended to correct grammatical errors and to clarify that the states referred to are states other than California.

Section 16-005(i)(2)

Final Modification:

This section is amended to delete unnecessary language.

Section 16-007 (Post-Hearing Modification)

Factual Basis:

This section is necessary to incorporate by reference, pursuant to the California Code of Regulations, Title 1, Chapter 1, Section 20, the necessary forms. These forms are not printed in CDSS' Manual of Policies and Procedures because it would be cumbersome and impractical. However, these forms are readily available to the users from CDSS.

The CW 61 form was not designed specifically for EBT benefit issuance purposes. It is for county use mainly for the CalWORKs Program. The social security number (SSN) is not mandatory. The County has pertinent case information and is not dependent on the SSN as an identifier. The Department will submit a request to revise Section 1 to include a statement that the SSN is optional. Although this revision is fairly insignificant, the established forms revision process followed. This process includes the review and approval of the revision by various users and/or committees.

The DFA 256 is not a form used exclusively for EBT benefit issuance. It is used by several organizations within the Department and any revisions must be reviewed and approved by the various users and/or committees. The Department will submit a request to revise the "Remarks (b)" section of the DFA 256 form to clarify that "Item 3 Federal" refers to the first column of Item 3. This revision is fairly insignificant; however there must be adherence to the forms revision process.

The DFA 885A through C in Sections 16-007.2(c) through (e) are amended to correct grammatical errors and revision dates are updated to 3/03.

Sections 16-325.3, .31, and .311 (Renumbered to Sections 16-325.31, .311, and .311(a).)

Final Modification:

The second sentence in Section 16-325.3 is being numbered to Section 16-325.31 and the following sections are being renumbered to accommodate this revision. Also, in response to testimony, renumbered Section 16-325.311(a) is being amended to broaden the concept to the EBT system rather than the more specific terms of an inability to use the POS or ATM. This is in conformity with Welfare and Institutions Code Section 10072(d) and is consistent with Section 16-325.3.

Section 16-325.3 and renumbered Sections 16-325.311(a) and .313(a) are further amended to correct grammatical errors.

Section 16-401.17

Final Modification:

This section is amended to correct a grammatical error.

Section 16-410.54 et seq.

Final Modification:

Section 16-410.54 is amended to delete unnecessary and repetitive language. Section 16-410.541 is amended to correct a grammatical error.

Sections 16-410.6 through .62

Final Modification:

These sections are being amended to replace the FNS 46 Report with the DFA 885A, B, and C Reports. The FNS 46 is a statewide report at state level. Its county level equivalent is the DFA 885A, B, and C. The DFA 885A, B, and C were created to take each county's information to compile the statewide FNS 46 Report.

Section 16-410.61 is being further amended to replace "benefit issuance reconciliation worksheet" with "SARS Report," to clarify that counties shall reconcile the SARS Report to the DFA 885A, B, and C Reports. Section 16-410.62 is being further amended to eliminate the phrase "and attach a copy of the monthly benefit issuance reconciliation worksheet as required by Section 16-410.55." This amendment is necessary because the reconciliation worksheet does not need to be sent again as an attachment to the DFA 885A, B, and C, as it has been submitted separately (see Section 16-410.561). These amendments are necessary to make specific the FNS instructions contained in EBT Reconciliation Guidance for State Agencies received September 2001 from FNS, page 5 (Reconciliation Overview). A grammatical correction is also being made.

Sections 16-410.6, .61 and .62 are amended to correct grammatical errors.

Section 16-410.63

Final Modification:

This section is being amended to replace "benefit issuance reconciliation worksheet" with "DFA 885A, B, and C" to clarify that counties shall reconcile DFA 256 with the DFA 885A, B, and C Reports. This amendment is necessary to make specific FNS instructions contained in EBT Reconciliation Guidance for State Agencies received September 2001 from FNS, page 5 (Reconciliation Overview). These sections are also necessary to implement 7 CFR 274.12(k)(1)(vi), which requires that there is maintenance of audit trails. A grammatical correction is also being made.

Section 16-410.63 is amended to add the word "Reports" for consistency within Section 16-410.6 et seq.

Section 16-410.7 et seq.

Final Modification:

This is in compliance with the Quest Operating Rules, Chapter Six - Settlement, Section 6.2 (Settlement Payments). This section is necessary to implement the requirement contained in Interface Document Section 1.0 (Operational Functions) and Section 1.1 (Batch Interface) which specify the account activity detailed information down to the grant level.

Section 16-410.71 is amended to correct a grammatical error.

Sections 16-501.1 and .2

Final Modification:

This section is being amended to correct grammatical errors.

<u>Section 16-515.1, and Handbook Sections 16-515.2 and .3</u> (Handbook sections renumbered to Handbook Sections 16-515.3 and .4.)

Final Modification:

Handbook Sections 16-515.2 and .3 are being renumbered to Handbook Sections 16-515.3 and .4 to accommodate the addition of a new Section 16-515.2. Renumbered Handbook Section 16-515.3 is being amended to correct a grammatical error.

Section 16-515.1 is amended to correct grammatical errors.

Section 16-517.5 et seq. and Handbook Section 16-517.512(a)

Final Modification:

Section 16-517.511 is amended to broaden the regulations being cross-referenced.

f) Testimony and Response

Section 16-517

39. Response:

In response to testimony, Section 16-517.1 is being amended to clarify the cardholder receives the replacement EBT card within three business days. The Department disagrees with the testimony to include in these regulations that no fee is charged to the cardholder for a replacement card. 7 CFR 274.12(g)(5)(v) provides for the option for State agencies to collect a fee from the client for a replacement card. California will not impose a fee for a replacement card. There are no penalties or sanctions for replacing the EBT card in program regulations.

Section 16-601.6 et seq.

52. Response:

The Department agrees with the testimony in the following areas:

- Amend Section 16-601.6(i) to include cash access locations.
- Amend Section 16-601.6(o) to include store window. (This information is provided in available training materials.)
- Amend Section 16-601.6(w) to include an example of obtaining transaction history as part of ARU use.

The Department disagrees with the testimony in the following areas:

- Section 16-601(b) addresses the training area of access to balances which is broader because there are several ways to obtain an account balance. It is for this reason that the Department disagrees with the suggested language to Section 16-601(c). It should be noted that information regarding use of the transaction receipt to track account balance is included in available training materials.
- In regard to including the availability of direct deposit as a required training element, direct deposit is not part of the EBT system, therefore, it is not a required area for training. It should be noted that information on direct deposit is included in available training materials.